

Message Text

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ACTION EUR-12

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FM AMCONSUL MUNICH

TO SECSTATE WASHDC 5817

USMISSION USBERLIN

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: WB, ECON, LAB

SUBJECT: NCR PLANS TO REDUCE BERLIN OPERATIONS

REF: (A) USBERLIN 931; (B) USBERLIN 965

1) IN COURSE OF JUNE 2 TELCON, WORKING LEVEL EXECUTIVE OF NATIONAL CASH REGISTER, AUGSBURG, REAFFIRMED TO MUNICH COMMERCIAL OFFICER THE PURELY ECONOMIC BASES MENTIONED IN REFTELS FOR PHASE-OUT OF NATIONAL CASH REGISTER MANUFACTURING OPERATIONS IN BERLIN. EXECUTIVE STATED THAT THE DECISION REGARDING BERLIN PLANT IS RESULT OF NCR'S WORLDWIDE POLICY TO PHASE OUT MECHANICAL CASH REGISTERS IN FAVOR OF ELECTRONIC MODELS. ACCORDING TO OUR SOURCE, THE DEADLINE FOR TERMINATING MANUFACTURE OF CASH REGISTERS (EXCLUSIVELY MECHANICAL) IN BERLIN IS SOMETIME IN 1977, ALTHOUGH THERE MAY BE SOME REDUCTION IN BERLIN WORK FORCE BEFORE THAT TIME, DEPENDING ON INCOMING ORDERS FOR MECHANICAL MODELS.

2) THE AUGSBURG PLANT, WHICH MANUFACTURES ONLY THE NEW ELECTRONIC CASH REGISTERS, WILL CONTINUE TO SPECIALIZE IN THIS FIELD AND WILL NOT TAKE OVER ANY OPERATIONS FROM BERLIN PLANT, SINCE
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ELECTRONIC MODELS HAVE NEVER BEEN MANUFACTURED IN BERLIN.

ACCORDING TO NCR EXECUTIVE, IT IS ECONOMICALLY UNFEASIBLE TO HAVE TWO PLANTS IN GERMANY MANUFACTURING THE SAME MODELS. HE DOES NOT ANTICIPATE THAT MORE WORKERS WILL BE EMPLOYED AT THE AUGSBURG PLANT AS A RESULT OF SHUTDOWN IN BERLIN. HE EMPHASIZED THAT THE OPERATION IN AUGSBURG IS PRIMARILY AN ASSEMBLY PROCESS, SINCE MOST ELECTRONIC COMPONENTS USED IN MANUFACTURE OF ELECTRONIC MODELS ARE PURCHASED FROM INDEPENDENT SUPPLIERS. MUCH OF THE OUTPUT OF THE AUGSBURG PLANT IS EXPORTED TO THE UNITED STATES.

3) ALTHOUGH THE EXECUTIVE WAS UNINFORMED REGARDING THE CLOSING OF THE PITNEY-BOWES PLANT IN BERLIN, HE ASSUMED THAT THAT FIRM'S DECISION WAS BASED AT LEAST PARTLY ON FACTORS SIMILAR TO THOSE MOTIVATING NCR. HE BELIEVED THAT PRODUCTION AT PITNEY-BOWES PLANT IN BERLIN WAS ALMOST EXCLUSIVELY IN THE MECHANICAL MAIL HANDLING EQUIPMENT FIELD AND THAT THE FIRM WAS ALSO SWITCHING OVER ENTIRELY TO MANUFACTURE OF ELECTRONIC EQUIPMENT. SPIVACK

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